



EXCHANGE BANK
Member FDIC

PO Box 760, Gibbon, NE 68840
(308) 468-5741 • Fax (308) 468-5743
www.exchangebank-gibbon.com

1204 Allen Drive, Grand Island, NE 68803
(308) 382-2900 • Fax (308) 382-2901
www.exchangebank-gi.com

September 7, 2005

FDIC San Francisco Regional Office
Director Johns F. Carter
25 Jessie Street at Ecker Square
Suite 2300
San Francisco, CA 94105

Dear Mr. Carter,

This letter is in response to an application by Wal-Mart for deposit insurance for it's pending Utah ILC. I strongly oppose the granting of deposit insurance coverage to a Wal-Mart owned bank.

Mixing banking and commerce is bad public policy that could jeopardize the impartial allocation of credit and create conflicts of interest. Congress reaffirmed its opposition to the mixing of banking and commerce in the Gramm-Leach-Bliley Act. Imagine a Wal-Mart Bank disfavoring small businesses that compete with Wal-Mart and favoring Wal-Mart suppliers in credit decisions, or requiring Wal-Mart suppliers to bank with the Wal-Mart Bank. Because of this common history and experience of many communities, when evaluating the application the I urge the FDIC to consider what will happen to credit availability and customer and community service when the Wal-Mart bank siphons deposits from locally-owned and operated community banks, impairing their ability to continue to support economic growth and development in their communities through lending, and driving them out of business. Will a competing local hardware or clothing store, a local pharmacy, or someone wishing to establish a new store, be able to obtain credit from the Wal-Mart bank, or want to share its confidential business plans with the Wal-Mart bank? The Wal-Mart bank would have no incentive -- in fact it would have a disincentive -- to lend to businesses that compete with its parent company. As things stand now, there are very few businesses that would not be competing with Wal-Mart. Instead of making impartial credit decisions based on the creditworthiness of the borrower, the Wal-Mart bank would have incentive to deny credit, not on the merits, but because of a conflict of interest and its relationship with Wal-Mart. Ownership by Wal-Mart would have a similar effect on the bank's decision making with regard to credit applications by Wal-Mart suppliers. Again, instead of making credit

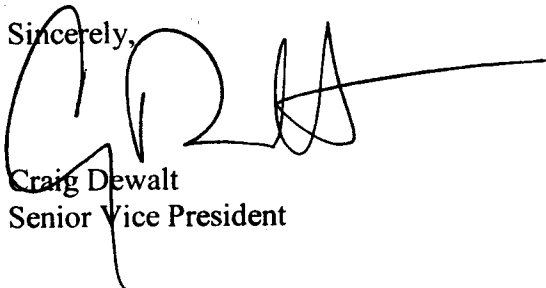
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decisions on the merits of a borrower's creditworthiness, the Wal-Mart bank would have an incentive to favor Wal-Mart's suppliers and disfavor their competitors. In fact, Wal-Mart could require its suppliers to obtain their banking and credit services from the Wal-Mart bank if they want to do business with Wal-Mart. Wal-Mart has a reputation for utilizing such tactics to get what they want from suppliers.

We are now witnessing the catastrophic results of the systemic risk of relying on man-made structures to protect a key port from natural disasters. Even though the population of New Orleans is a relatively small part of our total population, the impact of the devastation that took place there is already being felt in all parts of the nation, with ripples of economic and social costs that will radiate for the foreseeable future. Wal-Mart, on the other hand, already controls 8% of the non-restaurant, non-automotive sales in the U.S and over 35% of the sales of staple goods. Its economy is larger than Saudi Arabia's. A branch of Wal-Bank in every store would represent a dangerous and unprecedented concentration of economic power. Even though many banks might now be considered too big to fail, I'm afraid that a Wal-Bank may be too big to regulate. Will the FDIC find itself in the same position with respect to Wal-Bank as, say, Huffy bicycles? Vlasic pickles? Levi Strauss?

I only have to look at the devastating impact to the economic value of two friends' locally owned grocery store after the opening of a Wal-Mart SuperCenter down the road to know that allowing Wal-Mart entry into the banking business can do nothing but harm. I urge you not to grant deposit insurance coverage to Wal-Mart.

Sincerely,



Craig Dewalt
Senior Vice President